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C O N F I D E N T I A L SANTO DOMINGO 002244

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SUBJECT: DOMINICAN PRESIDENT SAYS GOVERNMENT READY TO
RESOLVE IP PROBLEMS AND IMPLEMENT CAFTA-DR

REF: SANTO DOMINGO 1898

Classified By: Ambassador Hans Hertell. Reason: 1.4 (b) and (d)

¶1. (SBU) Summary: On June 7, President Leonel Fernandez told the Ambassador that he wants CAFTA-DR to enter into force in July, saying that there is no need to wait for the new Congress to take office in August to pass required legislation. He said that CAFTA is part of his long term strategic plan for the country and that it was a key element he used on a just-completed trip to Asia to encourage governments to consider investment in the Dominican Republic. He added that problems with intellectual property issues and a Dominican law protecting agents have been resolved and he sees no reason for further delays. End Summary.

¶2. (SBU) President Leonel Fernandez met with the Ambassador, DCM and Economic officer on June 7 for a farewell call by DCM Lisa Kubiske. Having just returned from a three-week trip which included stops in the United States, Taiwan, South Korea and Japan, Fernandez was out of the country on July 1, the date the Dominican government announced earlier this year as its intended entry into force date for CAFTA-DR. He asked the Ambassador, "What do we need to do to start the agreement this month?" He said that his administration has overcome remaining problems it was having with meeting its obligations under the agreement and was ready to enter as soon as possible.

Strategic Vision

¶3. (SBU) During President Fernandez's trip to Asia, he said that he placed heavy emphasis on the Dominican Republic as a jumping off point for market access to the United States. He told government officials and private sector representatives in Japan, Korea and Taiwan that of all CAFTA-DR member countries, the Dominican Republic would offer the best possible access to the East Coast of the United States due to close proximity. Mexico and Central America can be the gateway for product access to Texas and California, but Fernandez wants the Dominican Republic to be the country of choice for access to the eastern part of the United States.

Obstacles Resolved?

¶4. (C) The day before the meeting, Dominican implementation coordinator for CAFTA Vilma Arbaje called the DCM to say that the government is drafting regulations to meet its obligation to protect undisclosed data as required by CAFTA. This news came after months of government denials that the Dominican Republic is required to protect data. The position had been

based on an unsound technical argument that a presidential decree issued under former President Mejia exempts the country from the obligation (reftel). Fernandez told the Ambassador that his administration "had done what it had to do" on behalf of the local pharmaceutical industry. The implication is that Fernandez has held off on assuming responsibility for data protection long enough to let industry know that the government can and will do no more.

¶5. (SBU) DCM Kubiske reminded Fernandez that there are other implementation issues that still must be addressed before USTR can recommend implementation for the Dominican Republic, both with respect to intellectual property rights and other issues, including telephone number portability. Fernandez said he does not believe that any of the other issues will present problems, and reiterated that he is ready to do "whatever it takes" to achieve entry into force as soon as possible.

¶6. (C) Comment: This week's turnaround on refusal to protect data is encouraging. The Dominican illicit pharmaceutical industry is one of the most influential groups in the country, willing to make large campaign donations and other payments to get its way. Until this week the group had the media, the public and the administration on its side. It appears that this has changed and that we should expect solid progress during next week's meetings in Washington between the Dominican government and USTR.
HERTELL